

MONTREAL LIFE INSURANCE COMPANY
 1966 ANNUAL REPORT 1966
942-9151

Your Directors have the honour to present a report of the operations of the Company for the year ended December 31, 1966, together with the Revenue Account, Balance Sheet and Auditors' Certificate.

INSURANCE ACCOUNT

New Business Issued and Placed

Number of Policies	4,260
Amount of Insurance _____	
Ordinary Business including Deferred Annuity Policies	\$ 33,240,499
Group Life and Group Pension Policies	<u>1,729,609</u>
	<u>\$ 34,970,108</u>

Business in Force at 31st December

Number of Policies	57,460
Amount of Policies _____	
Ordinary Business including Deferred Annuity Policies	\$ 264,639,168
Group Life and Group Pension Policies	<u>20,118,863</u>
	<u>\$ 284,758,031</u>

In addition, periodical payments were being made as of date December 31, 1966 to 400 annuitants or holders of settlement policies, total annual payments in respect thereto amounting to \$ 271,432.

INCOME

Ordinary net premium receipts for the year increased by \$50,954 to a total of \$4,836,001. The grand total of premium receipts, including group and single premiums was \$5,791,423.

Net income from investments increased by an amount of \$180,017 to a total of \$3,422,468.

DISBURSEMENTS

During the past year, the Company paid out to beneficiaries, policyholders and annuitants the sum of \$3,814,520 made up as shown in the Revenue Account.

Of these disbursements, 74.31% went to living policyholders.

Since organization, the Company has paid to policyholders, annuitants and beneficiaries, the sum of \$59,520,996. Loans to policyholders are not included in this total.

The mortality experience in 1966 was satisfactory, the cost being 44.39 per cent of that expected by the CM(5) table compared with 43.68 per cent in 1965 and 51.74 per cent in 1964.

Claims under clauses providing total disability and double indemnity accident benefits were well within normal limits.

The Company's expense ratio for the year was 42.59 per cent of annual premiums collected, compared with 41.57 per cent in 1965.

ASSETS

Total assets increased by \$ 1,797,766 during the year to an amount of \$ 60,014,084.

The distribution of the Ledger Assets, as compared to the two preceding years is shown in the following table:-

	1964 %	1965 %	1966 %
Bonds and Debentures	51.45	51.34	51.86
Preferred Stocks	.25	.19	.16
Common Stocks	2.58	2.54	2.61
Loans on First Mortgage	35.57	35.65	36.19
Loans on Policies	5.04	4.86	5.09
Real Estate	3.49	3.29	3.15
Cash	1.44	1.84	.75
Other	.18	.29	.19

All securities were taken into the account at Book Values. The aggregate values of the bonds and stocks held by the Company on December 31, 1966, based on the amortized values permitted by the Insurance Act for Dominion and Provincial Government Bonds, and on market values for other bonds and stocks, were greater than the Book Values by \$ 33,000. In addition to this margin, the Company maintains an Investment and Contingency Reserve of \$ 2,200,000.

The average gross rate of interest earned by the Company in 1966 was 6.03 per cent as compared with 5.94 per cent earned in the previous year.

A statement is appended hereto showing the amounts of purchases and sales, etc., in the various classes of investments during the year.

SHAREHOLDERS' DIVIDENDS

The Directors have declared a dividend of \$10.00 per share on the outstanding shares of the Company payable on the first day of March 1967 to shareholders of record of that date.

POLICYHOLDERS' DIVIDENDS

For the year commencing 1st July 1967, the Directors have authorized the maintenance of the scales of dividends now being paid to participating policyholders.

TABLE OF GROWTH

The healthy growth of the Company is indicated by the following table showing the standing of various items at the end of successive periods of 10 years.

	<u>Income</u>	<u>Insurance in Force</u>	<u>Assets</u>	<u>Reserves</u>
1916	\$ 137,922	\$ 4,743,730	\$ 346,815	\$ 229,765
1926	941,212	28,023,812	3,415,698	2,886,345
1936	1,449,155	40,666,882	6,222,784	5,535,072
1946	2,926,289	96,289,928	15,542,376	13,525,685
1956	5,374,575	179,461,321	33,044,013	27,707,354
1966	9,213,891	284,758,031	60,014,084	46,732,198

On behalf of the Directors,

Hugh H. Turnbull
President,

John Nichols

Vice-President and General Manager.

MONTREAL LIFE INSURANCE COMPANY

ANNUAL REPORT 1966 - APPENDIX

Statement showing movements in various classes of
investment during the year

REAL ESTATE

Value in Account January 2, 1966	\$ 1,873,329
Add - Amount expended on Capital Account	<u>372</u>
	1,873,701
Deduct	
Regular Annual Depreciation	<u>20,000</u>
Value in Account December 31, 1966	\$ <u>1,853,701</u>

MORTGAGE LOANS AND SALE AGREEMENTS

Amount outstanding January 2, 1966	\$ 20,314,719
Add - Amount loaned	<u>3,122,061</u>
	\$ 23,436,780
Deduct	
Cash repayments	<u>2,172,704</u>
Amount outstanding December 31, 1966	\$ <u>21,264,076</u>

BONDS AND DEBENTURES

Value in Account January 2, 1966	\$ 29,254,342
Value of Purchases	\$ 2,090,139
Accumulation towards par through interest account	<u>16,533</u> <u>2,106,672</u>
	\$ 31,361,014
Deduct	
Value of Sales and Redemptions	\$ 886,262
Amortization of premium through the interest account	<u>400</u> <u>886,662</u>
Value in Account December 31, 1966	\$ <u>30,474,352</u>

PREFERRED STOCKS

Value in Account January 2, 1966	\$ 110,354
Deduct	
Value of Sales	\$ 15,000
Amount Written off out of profits	<u>2,910</u>
Value in Account December 31, 1966	\$ <u>92,444</u>

COMMON STOCKS

Value in Account January 2, 1966	\$ 1,444,305
Value of Purchases	<u>93,335</u>
	\$ 1,537,640

Deduct

Value of Sales	\$ 1,007
Amount Written off out of profits	<u>4,340</u>
Value in Account December 31, 1966	\$ <u>1,532,293</u>

POLICY LOANS

Amount of Loans outstanding January 2, 1966	\$ 2,769,326
Amount loaned	<u>885,171</u>
	\$ 3,654,497

Deduct - Repayments:-

By Cash	\$ 301,092
Through Death Claims	17,377
Surrenders and Maturities	<u>343,101</u>
Amount outstanding December 31, 1966	\$ <u>2,992,927</u>

MONTREAL LIFE INSURANCE COMPANY

COMPARATIVE STATEMENT AS AT DECEMBER 31

BALANCE SHEET

ASSETS	1966	1965
Bonds and Debentures	\$30,474,352	\$29,254,342
Preferred Stocks	92,444	110,354
Common Stocks	1,532,293	1,444,305
First Mortgages on Real Estate	21,264,076	20,314,719
Real Estate	1,853,701	1,873,329
Loans on Policies	2,992,927	2,769,326
Cash in Banks and on Hand	441,926	1,047,198
Outstanding Premiums Net	538,455	554,292
Interest Due and Accrued	711,833	678,120
Other Assets	112,077	170,333
	<hr/>	<hr/>
	\$60,014,084	\$58,216,318
LIABILITIES		
Reserve under Insurance and Annuity Contracts	\$46,732,198	\$44,643,313
Claims Net - Awaiting Proof	548,883	614,719
Current Accounts - Unpaid	37,026	27,595
Accrued Taxes	32,948	32,368
Paid in Advance	11,114	9,832
Amounts left on Deposit by Policyholders and Beneficiaries with Accrued Interest thereon	1,939,137	1,679,804
Other Liabilities	546,594	1,901,116
Staff Pension and Insurance Funds	1,165,236	1,109,499
Reserve for Agents' Pensions	135,000	135,000
Capital Stock (Authorized and Issued \$1,000,000)		
Paid in Cash	250,000	250,000
Investment and Contingency Reserve	2,200,000	2,000,000
Other Reserves	1,136,920	845,931
Surplus	5,279,028	4,967,141
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	\$60,014,084	\$58,216,318

AUDITORS' REPORT TO THE POLICYHOLDERS AND SHAREHOLDERS

We have examined the accompanying financial statements of Montreal Life Insurance Company for the year ended December 31, 1966 comprising the balance sheet as at that date and the revenue account for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The bonds, debentures and stocks are stated in the balance sheet at values which, in the aggregate, are less than the values authorized by the Department of Insurance of Canada.

The amount of the reserve under insurance and annuity contracts has been certified to us by the company's Actuary but has not otherwise been verified by us.

With these explanations, in our opinion, based upon our examination and upon the certificate of the Actuary and according to the best of our information and the explanations given to us and as shown by the books of the company, the aforementioned statements are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at December 31, 1966 and the results of its operations for the year then ended.

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants

MONTREAL LIFE INSURANCE COMPANY

COMPARATIVE STATEMENT FOR THE YEAR ENDED DECEMBER 31

REVENUE ACCOUNT

INCOME	1966	1965
Insurance and Annuity Premiums - Ordinary	\$4,836,001	\$4,785,047
Insurance and Annuity Premiums - Group	463,561	696,331
Insurance and Annuity Premiums - Single	491,861	269,679
	<hr/>	<hr/>
	5,791,423	5,751,057
Considerations for Supplementary Contracts	44,082	42,309
Investment Income	3,422,468	3,242,451
Contributions to Staff Pension, Insurance and Savings Funds	30,224	59,992
Net Profit from Sale of Investments	66,025	11,536
	<hr/>	<hr/>
	\$9,354,222	\$9,107,345

AMOUNTS PAID OUT OR SET ASIDE

Payments to Policyholders and Beneficiaries:-		
Death Claims	\$ 980,025	\$1,005,418
Disability Benefits	5,511	6,168
Dividends	382,115	355,174
Matured Endowments	697,459	658,542
Annuity Payments	170,964	119,568
Surrender Values	1,505,681	3,332,758
Supplementary Contracts	72,765	70,728
Total Payments to Policyholders and Beneficiaries	<hr/> \$3,814,520	<hr/> \$5,548,356
Increase in Actuarial Reserve	\$2,088,885	\$ 193,030
Increase in Staff Pension & Insurance Funds	55,136	80,042
Interest Credited to Amounts on Deposit	85,140	70,580
Payments from Staff Pension & Insurance Funds	41,148	40,259
Interest Paid on Claims, etc.	8,313	19,593
Agency Commissions and Expenses	1,001,771	1,022,223
Head Office Expenses	558,783	534,392
General Expenses	435,621	459,604
Investment Expenses	139,490	144,214
Taxes, licenses and fees	121,289	118,005
Applied to write down assets	7,250	150
Transferred to Investment & Contingency Reserve	200,000	-
Increase in Provision for future dividends to Policyholders	45,000	50,000
Increase in Reserve for Agents' Pensions	-	25,000
Transferred to Other Reserves	245,989	2,795
" " " Shareholders' Account	194,000	194,000
" " " General Surplus	311,887	605,102
	<hr/> \$9,354,222	<hr/> \$9,107,345

SHAREHOLDERS' ACCOUNT

Balance as at January 1st	\$ 118,207	\$ 116,649
Amount transferred from Revenue Account	194,000	194,000
	<hr/> 312,207	<hr/> 310,649
Deduct:-		
Provision for Federal and Provincial Income Taxes	92,677	92,442
Dividends	100,000	100,000
	<hr/> 192,677	<hr/> 192,442
Balance as at December 31	119,530	118,207

